

Q2 2021 FINANCIALS

with a message from our
PRESIDENT & CEO



A message from our PRESIDENT & CEO

Valued Clients and Shareholders,

As we move into the second half of the year, we reflect on our achievements and take stock in opportunities that will bring long-term value to the Bank. These achievements included helping many of our clients obtain PPP loans and diligently working with the SBA to get these loans forgiven. Highlights of some of our key financial achievements in the last 12 months include:

- Deposits increased to \$335.0 million, up \$26.9 million or 8.7%.
- Total loans decreased \$36.9 million to \$332.0 million or -10.0%.
- Core loans (i.e., excluding PPP loans) increased \$12.5 million to \$259.3 million, up 5.1%.
- Net income for the first six months of 2021 totaled \$1.7 million, an increase of \$962 thousand, or 127.9%, over the same period in 2020.

I am proud to announce that due to our participation in the PPP financing program, Partners Bank has helped an estimated 670 businesses obtain PPP loans, totaling \$182.2 million as of August 17, 2021.

In addition to our participation in the PPP program, we continue to find ways to give back to our communities by supporting local charitable organizations. We are thankful to be able to help our clients, local businesses and communities during this difficult time. Further, the Bank is grateful to have the support of our board of directors, executive leadership and team members on these important initiatives.

We look forward to sharing more opportunities as we expand our Bank's capabilities to benefit our clients, shareholders, and employees. Thank you for entrusting us with your business and allowing us to be your financial partner.

Sincerely,



J. Chris Walsh
President and Chief Executive Officer



Partners Bank of California
Statements of Financial Condition
(unaudited, dollars in thousands)

	June 30, 2021	June 30, 2020	Variance	
			\$	%
Assets:				
Cash and cash equivalents	\$ 71,575	\$ 79,389	\$ (7,814)	-9.8%
Investment securities available for sale	1,995	3,441	(1,446)	-42.0%
Loans held for investment	331,974	368,900	(36,926)	-10.0%
Allowance for loan losses	<u>(6,708)</u>	<u>(5,702)</u>	<u>(1,006)</u>	<u>17.6%</u>
Loans, net	325,266	363,198	(37,932)	-10.4%
Other assets	<u>7,155</u>	<u>7,493</u>	<u>(338)</u>	<u>-4.5%</u>
Total assets	<u>\$ 405,991</u>	<u>\$ 453,521</u>	<u>\$ (47,530)</u>	<u>-10.5%</u>
Liabilities:				
Deposits				
Noninterest-bearing deposits	\$ 177,737	\$ 157,659	\$ 20,078	12.7%
Savings, NOW and money market accounts	140,408	120,845	19,563	16.2%
Certificates of deposit	<u>16,868</u>	<u>29,568</u>	<u>(12,700)</u>	<u>-43.0%</u>
Total deposits	335,013	308,072	26,941	8.7%
FHLB advances and other borrowings	30,000	107,800	(77,800)	-72.2%
Other liabilities	<u>3,301</u>	<u>3,399</u>	<u>(98)</u>	<u>-2.9%</u>
Total liabilities	368,314	419,271	(50,957)	-12.2%
Stockholders' Equity:				
Common stock	32,824	32,823	1	0.0%
Additional paid-in capital	2,245	1,907	338	17.7%
Accumulated income (deficit)	<u>2,554</u>	<u>(573)</u>	<u>3,127</u>	<u>*nm</u>
	37,623	34,157	3,466	10.1%
Accumulated other comprehensive income	<u>54</u>	<u>93</u>	<u>(39)</u>	<u>-41.9%</u>
Total stockholders' equity	<u>37,677</u>	<u>34,250</u>	<u>3,427</u>	<u>10.0%</u>
Total liabilities and stockholders' equity	<u>\$ 405,991</u>	<u>\$ 453,521</u>	<u>\$ (47,530)</u>	<u>-10.5%</u>

Partners Bank of California
Statements of Income
(unaudited, dollars in thousands)

	For the Six Months Ended		Variance	
	June 30, 2021	June 30, 2020	\$	%
Interest income	\$ 7,747	\$ 8,490	\$ (743)	-8.8%
Interest expense	<u>596</u>	<u>904</u>	<u>(308)</u>	<u>-34.1%</u>
Net interest income before provision for loan losses	7,151	7,586	(435)	-5.7%
Provision for loan losses	<u>-</u>	<u>2,048</u>	<u>(2,048)</u>	<u>-100.0%</u>
Net interest income after provision for loan losses	7,151	5,538	1,613	29.1%
Noninterest income	162	125	37	29.6%
Noninterest expense	<u>4,835</u>	<u>4,554</u>	<u>281</u>	<u>6.2%</u>
Income before income tax provision	2,478	1,109	1,369	123.4%
Income tax provision	<u>764</u>	<u>357</u>	<u>407</u>	<u>114.0%</u>
Net income	<u>\$ 1,714</u>	<u>\$ 752</u>	<u>\$ 962</u>	<u>127.9%</u>

*nm - not meaningful



partners bank
of california

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